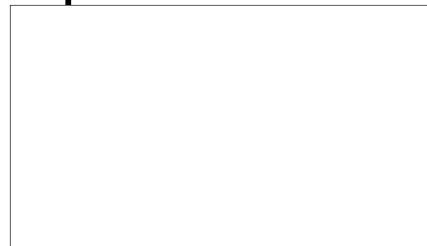




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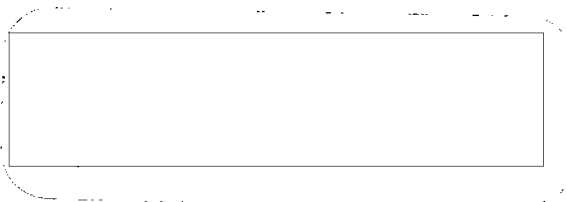
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# **National Intelligence Daily**

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**Monday  
30 March 1987**



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**LIBYA-CHAD:****Qadhafi Looking for an Out**

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*NO*

**Libyan envoys are carrying a message to Arab states asking for support for a settlement of the Chadian conflict through the auspices of the OAU in order to avoid a confrontation with France and the US.** ( ) ( )

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*on 29 March*

( ) the public has begun to criticize openly Libyan leader Qadhafi's policy in Chad and the situation inside Libya. In a speech yesterday, Qadhafi reiterated to an audience in Tripoli his support for the pro-Libyan rebels in Chad until French forces leave the country, and he denied any involvement of Libyan troops in the fighting there. ( )

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**Comment:** Qadhafi hopes the offer of a settlement within an OAU framework will be acceptable to the French and the Chadians and allow him to avoid humiliation. He also believes an OAU-brokered settlement might ensure the withdrawal of French and US support for Chad. Even such a settlement, however, would be unlikely to preclude a popular backlash in Libya against the defeats in Chad and the deteriorating economic situation. ( )

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The order to segregate the reinforcements from those units being withdrawn from Chad almost certainly reflects Tripoli's desire to avoid any spreading of the contagion of defeatism among combat units. ( )

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**TURKEY-GREECE: Aegean Tensions Ease**

***Tensions between Greece and Turkey over rights to the Aegean continental shelf continue to subside, although their military forces are still on alert and the basic dispute remains unresolved.*** [redacted]

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Turkish Prime Minister Ozal returned to Ankara from London yesterday and ordered warships alongside the Turkish research ship Sismik to avoid close escort. The ship itself remains in Turkish territorial waters. According to a press statement issued by Ozal, the military is no longer on full alert but remains in a state of increased readiness. [redacted]

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Greek military preparations already in effect continue, but the Air Force has been ordered to avoid being drawn into possible provocations by the Turks. Prime Minister Papandreu has declined NATO Secretary General Carrington's good offices but claims to have made bilateral overtures to the Turks. [redacted]

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**Comment:** As long as the Sismik does not enter disputed waters and the Greeks do not stridently assert their continental shelf claims, tensions will subside, and the military preparations by each side will be scaled back accordingly. [redacted]

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While the Turks have traditionally favored bilateral discussions on the continental shelf issue, the Greeks prefer taking it to the International Court of Justice. Papandreu probably will reiterate this position to the Turks, who are unlikely to accept his stance as a basis for discussions. At most, the two sides may reach a tacit agreement to disagree so that current tensions may be diffused. [redacted]

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**BRAZIL:****Deadline on Short-Term Credits**

***International banks probably will seek to force repayment of some of their short-term credits to Brazil this week, an action that could threaten Brazilian banking operations.*** [redacted]

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Brasilia last week requested its foreign bank creditors to maintain voluntarily through 31 May its nearly \$15 billion in trade and interbank lines of credit that are set to expire ~~tomorrow~~ *on 31 March*. Brazil's advisory committee of international bankers refused to endorse this request because the Sarney government had rejected the bankers' request for a goodwill gesture, such as an interest payment on medium- and long-term debt. [redacted]

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In recent meetings with foreign bankers, Brasilia reiterated that it plans to freeze the short-term credits in its Central Bank if foreign banks attempt to reduce them. Central Bank President Gros admitted, however, that the freeze is legally binding only within Brazil.

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[redacted]  
[redacted]  
[redacted] Some international bankers believe short-term credits will drop by as much as 20 percent after ~~tomorrow~~ *31 March*.

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**Comment:** Most large international banks probably will maintain their short-term credits because they do not want to precipitate a crisis and because they wish to avoid having their lines frozen in Brazil's Central Bank. [redacted]

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Some smaller banks, however, probably will seek to reduce their lines to Brazil. If the freeze order is not followed, some Brazilian bank branches overseas could experience cash flow problems and be forced to close. Brazil's ability to conduct trade also would be adversely affected. [redacted]

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Brazilian banks that refuse creditor demands for repayment risk lawsuits to attach assets. International bankers' actions against Brazilian banks could lead the Sarney government to nationalize Brazil's banking system temporarily. [redacted]

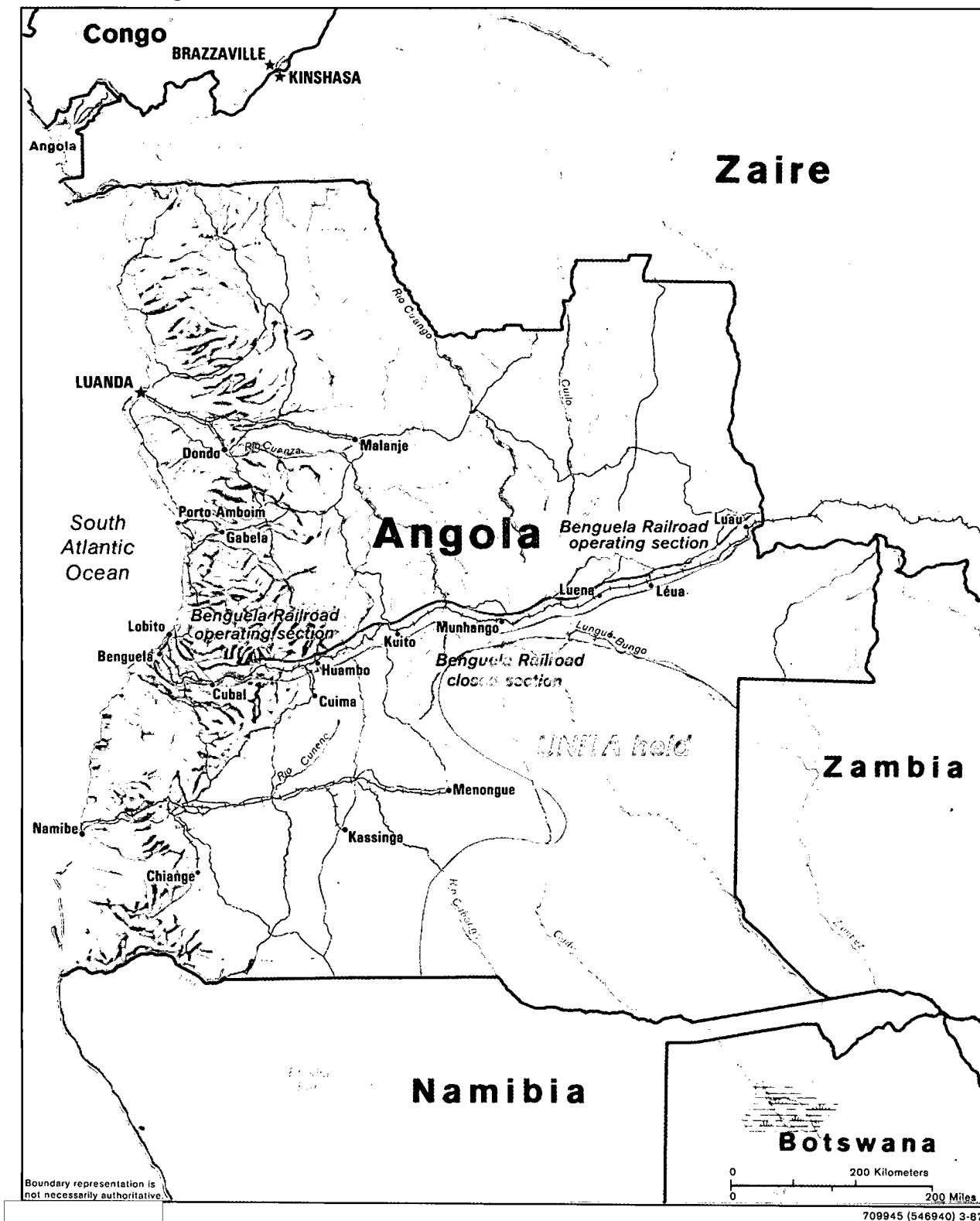
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**Status of Benguela Railroad**

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**ANGOLA:****UNITA's Benguela Railway Proposal**

*The public offer by UNITA to permit traffic along the Benguela Railway was probably designed to apply pressure on Luanda and to boost public relations, but Angola's longstanding rejection of a dialogue with the insurgent group makes an agreement unlikely.*

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UNITA leader Savimbi announced Friday that he is prepared to guarantee safe passage for nonmilitary freight along the Benguela Railway as a sign of his commitment to national reconciliation. He also challenged the Angolan Government to match the insurgents' offer and allow goods to pass through the country. The rail line, which runs from southern Zaire to Angola's port of Lobito, has been closed since 1975 because of the civil war.

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**Comment:** Savimbi probably calculates that a refusal to negotiate by Luanda would scuttle the initiative and give UNITA a valuable propaganda advantage in Africa and the West.

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Angolan officials, on the other hand, probably fear that talks would provide a tacit grant of legitimacy to the insurgents, opening the door for further Western support and recognition of UNITA and increasing international pressure on Luanda to compromise with the rebels.

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Neighboring states that could benefit from a reopening of the Benguela line may—in an effort to reduce their dependence on South African transport routes—encourage Luanda to respond favorably to UNITA's proposal. Luanda nevertheless is likely to ignore the proposal altogether or craft a response that includes preconditions, such as only indirect talks with the insurgent group, unacceptable to UNITA.

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**LEBANON: Attacks on Syrian Forces Increasing***On 28 March a*

Saturday's car bomb explosion near the Syrian intelligence headquarters in West Beirut—the latest in a series of attacks on the Syrian security forces—is seriously hampering efforts by Damascus to stabilize the security situation in the Lebanese capital.

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Meanwhile, the fighting between Palestinian defenders of the besieged refugee camps and Shia Amal militiamen is intensifying and may soon spread to other parts of the capital.

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**Comment:** Attacks on the Syrian forces in West Beirut almost certainly will increase over the coming months. Several competing anti-Syrian militias have reluctantly withdrawn from the city but are adopting hit-and-run tactics to harass Syria's soldiers and to undermine Syrian resolve. The escalating attacks on Syrian soldiers, however, are likely to force Damascus to deal harshly with the largely pro-Palestinian attackers, further eroding the fragile peace in West Beirut and drawing Syria into a more costly confrontation—one it has successfully avoided so far.

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**PHILIPPINES: Agreement on Debt Reached***on 27 March*

Philippine negotiators and commercial creditors agreed Friday to reschedule payments on \$13.2 billion in commercial bank debts over 17 years—concluding negotiations that had begun in November but later stalled over the issue of interest rates.

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~~the settlement was reached when the banks agreed to accept Manila's proposal for a lower interest rate in return for prepayment of a portion of the Philippines' outstanding debt.~~ The Philippines will pay a spread of 0.875 of a percentage point over the banks' cost of funds so long as interest payments remain current; if Manila falls in arrears, the spread will rise to 1 percent. Moreover, the banks have the option of converting their interest payments into Philippine investment notes that would finance government-approved investment in the Philippines.

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**Comment:** Although the interest rate is higher than Manila originally planned, it is the lowest rate granted recently to any Third World debtor except Mexico and could save the Philippines over \$100 million a year in debt payments. The agreement is also a political victory for President Aquino and her chief negotiator, Finance Secretary Ongpin, who had been under domestic pressure to reach a settlement with the interest rate spread below 1 percent. Manila hopes the agreement will boost investor confidence, but foreign investors probably will wait to see the results of the national election in May before committing substantial new funds.

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**POLAND: Price Increases Scaled Back**

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The Jaruzelski regime portrayed the price increases for food, fuels, and many public services announced ~~Saturday~~ as smaller than planned because of a compromise with the official unions. Meat prices will rise 10 percent, and other food prices will go up more than 9 percent— 25 percent less than had been planned. Prices for public transportation, gasoline, electricity, and coal will increase from 23 to 50 percent. To soften the impact of these price hikes, the regime has pledged to increase benefits for low-income workers and to limit taxes on any future wage increase. Solidarity leader Lech Walesa criticized the price increases but stopped short of calling for protest strikes.

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**Comment:** The compromise with the official unions furthers the regime's goal of portraying the unions as an advocate of workers' interests and a viable alternative to Solidarity. The decision nonetheless raises doubts about Warsaw's stated intention to reduce subsidies and narrow the gap between market supplies and demand. The price hikes will contribute to popular discontent over living standards, but they were widely anticipated and are likely to provoke no more than scattered protests.

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**POLAND: Another Rescheduling Proposal**

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Warsaw has proposed that more than \$12 billion in long-term official debt relief for Poland be considered at a Paris Club meeting ~~tomorrow~~. The plan—less attractive to Western creditors than the Polish proposal in January—calls for a deferral of the majority of repayments due between 1986 and 1993. Warsaw says it will negotiate an adjustment program linked to an IMF standby agreement while bargaining with government creditors.

*on 31 March.*

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**Comment:** This proposal probably is a negotiating tactic—intended to exploit creditor concerns over the impact of the Brazilian moratorium—in order to gain easier rescheduling terms and smaller payments. Warsaw must make some concessions, however, because government creditors have steadfastly refused to renegotiate the accord reached in 1981. An eventual rescheduling agreement is probable because payments by Poland owed governments over the next three years exceed \$3 billion annually, and Warsaw contends it can pay no more than \$2 billion. A long-term solution will require significant economic reforms and austerity measures, which the Jaruzelski regime appears unwilling to implement, as well as a major new debt-relief package from all creditors.

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**GUATEMALA-NICARAGUA: Cerezo Visits Managua***on 30 March*

Guatemalan President Cerezo probably hopes his trip to Nicaragua today to discuss Costa Rica's peace proposal and the summit in Guatemala later this spring will promote his image as a regional mediator. He will once again attempt to persuade Nicaraguan President Ortega to drop his World Court suits against Costa Rica and Honduras in the interest of regional peace talks.

Cerezo plans to assure the Hondurans he will back them in any armed conflict with Nicaragua and promises to convey the same message to the Sandinistas.

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**Comment:** By visiting Ortega, Cerezo is seeking to balance his participation in the Core Four summit with the Presidents of El Salvador, Honduras, and Costa Rica last month. He is not likely to press Ortega for domestic political reforms because he wants to prevent Nicaraguan isolation in regional peace talks. Instead, Cerezo probably will seek a public endorsement of his initiative to establish a Central American parliament, a proposal to be discussed at the summit in Guatemala. He probably hopes that his offer to support Tegucigalpa in a conflict with Nicaragua would deflect criticisms of his trip by the other Core Four countries and the Guatemalan military.

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**SURINAME: Democratization Sham**

Suriname's major political parties are unlikely to support the draft constitution the regime will present tomorrow. Head of Government Bouterse has touted the document as the first step in the transition to civilian rule, but party leaders oppose provisions that would allow the military to retain many of its powers. According to the US Embassy in Paramaribo, party leaders have also rejected Bouterse's offer for them to participate in the National Assembly. Bouterse reportedly will install an enlarged Cabinet tomorrow.

*on 31 March*

**Comment:** The regime is unlikely to implement a constitution that would significantly diminish the military's dominant role in the government. Bouterse will probably charge that party leaders are subverting democratization by refusing to support the draft constitution and to join the National Assembly. Although the new Cabinet may encompass more members, it still will lack any real power.

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**In Brief****Middle East**

— Weekend press report **Kuwait** refused US naval protection for its tankers unfounded, according to US Embassy . . . decision to be made tomorrow . . . Kuwaitis reluctant to antagonize **Iranians**, seek to balance relations with US, **USSR**. [redacted]

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— [redacted] **Saudi Arabia** and **Iran** agreeing to limit number of Iranian Hajj pilgrims to 160,000 this year . . . early effort by both sides to avoid tensions . . . Saudis want to balance security concerns with religious obligations [redacted]

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— Beirut International Airport unlikely to reopen soon, according to ~~US Embassy~~ . . . **Lebanon's** airline denied insurance . . . Christian militia would threaten flights if airport reopens but unlikely to succeed in opening alternative airport in East Beirut [redacted]

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[redacted]

[redacted]

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**Americas**

— **Bolivian** antinarcotics police destroyed two cocaine laboratories, according to ~~US Embassy~~ . . . first raids since withdrawal of US troops after Operation Blast Furnace . . . underscores La Paz's commitment to aggressive antidrug program. [redacted]

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— **Mexico** cracking down on narcotics traffickers in Sinaloa State, according to US diplomatic reporting . . . response to assault on official last month . . . probably attempt to improve Army's image, not start of broader campaign. [redacted]

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— President of **Costa Rica's** Central Bank resigned because San Jose has failed to define economic strategy, according to US Embassy . . . President Arias resisting spending cuts, tariff reforms . . . negotiations with World Bank, IMF may be delayed. [redacted]

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**Oceania**

— **Australia** concerned about **Libyan** activity in South Pacific, according to US Embassy . . . Tripoli to finance, train proindependence elements in **French New Caledonia**, sponsor local delegations to liberation conference [redacted]

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**Special Analysis****CHINA:****Zhao Takes Charge**

*In his first major speech since becoming Acting General Secretary of the Chinese Communist Party, Premier Zhao Ziyang recently attempted to assert his authority to revive Beijing's stalled reform program. He also sought to mollify the concerns of orthodox party officials about the country's economic problems and over the spread of Western political ideas in China.*

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In his annual report to the National People's Congress, Zhao claimed credit for improving economic performance last year, but he acknowledged continuing problems with inflation, excessive investment spending, slow growth in grain production, and the trade deficit. He told the delegates Beijing would maintain credit restraints and closely monitor new construction projects to ensure stable growth this year, but he claimed that many of China's economic problems last year were caused by the incomplete implementation of reforms. Zhao argued that Beijing should revitalize its efforts.

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Although Zhao did not propose any new initiative, the policies he enumerated would significantly decentralize economic decision making in China. For example, to allow enterprises greater control over production, he called for expanding experiments with financial, labor, and raw materials markets and hinted that Beijing would shortly eliminate central guidelines on wage payments in state enterprises.

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Zhao also vigorously defended price reform. He admitted, however, that too rapid increases in prices could intensify consumer resentment and promised that Beijing would not implement major price adjustments this year. Zhao's inability to set a schedule for price reform and his failure to defend the enterprise bankruptcy regulations issued last fall indicate that he does not yet have the clout to proceed with these politically sensitive reforms.

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**Domestic Politics, Foreign Policy**

Zhao is now walking a line between building a consensus behind his leadership and keeping key elements of the reform program alive; this was reflected in the cautious, balanced tone of his speech and in his efforts to incorporate something for everyone in his remarks. The presence of Hu Yaobang at the session—sitting “stony faced,” according to press accounts—was intended to portray a unified leadership that has simply been through a routine personnel shift. Zhao criticized recent weak leadership but also held out an olive branch to Hu's supporters, saying that those who had made mistakes could still do useful work.

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The repeated mention of limits on the “antibourgeois liberalism” drive demonstrates that Zhao—probably backed by Deng Xiaoping—is determined to keep this campaign on a tight rein. Since shortly after Hu’s ouster, Zhao has stressed the need to limit the campaign; available evidence indicates that he has had some success in enforcing such curbs. [ ]

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Zhao’s constant return to the theme of limits—he has stressed it on numerous other occasions—may also indicate that there are many who do not agree and who would, if given the opportunity, expand the scope of the campaign significantly. In a possible concession to traditionalists, Zhao plainly stated that the drive against undesirable Western influences is a task still requiring great efforts. [ ]

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The speech gave even less attention to foreign policy than the brief discussions in such speeches in past years. Apart from the ritual assertion of China’s foreign policy independence and peaceful intentions, the only specific points Zhao made were that the agreement on Hong Kong was working smoothly, a successful agreement had been negotiated on Macau, and Taiwan should therefore accept the principle of “one country, two systems” as a reasonable solution to reunification. Formalistic statements on foreign policy are the norm in the annual report, and the scant attention paid to foreign affairs this year probably reflects the greater urgency of domestic concerns. [ ]

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### **Outlook**

Zhao appears to be moving decisively to establish his authority in his new position and in the currently uncertain, shifting political environment. Taking care to avoid offending powerful conservatives in the party, he will probably concentrate in the next few months on consolidating his position before the party congress in October. According to a party spokesman, Zhao will be confirmed there as the party’s General Secretary. [ ]

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Zhao’s remarks clearly indicate a determination to get on with aspects of reform despite the serious, frankly admitted problems some of these changes will engender. His ability to do so will depend not only on his political skills, however, but also on his success in reining in new investment spending and imports. [ ]

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**Special Analysis****MIDDLE EAST-  
USSR:****Impact of US Arms Sales to Iran**

*Arab anger over US arms sales to Iran has done little damage to US interests in the Middle East, but some Arab leaders are avoiding open contacts with Washington in a bid to show their displeasure. Arabs have been receptive to recent US steps to protect Kuwaiti oil tankers in the Persian Gulf and to public statements by senior US officials that there will be no further arms sales to Iran while its war with Iraq continues. Iran, meanwhile, sees the episode as a significant moral victory, strengthening its resolve to continue fighting until Iraqi President Saddam Husayn has been ousted. The Soviets seem unable to exploit the affair to their advantage.*

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The Arab leaders' initial anger over the arms sales to Iran has dissipated. Moderate Arab leaders, especially Saudi King Fahd, still believe they were deceived and betrayed by US actions but have resisted retaliating, believing that would hurt their interests vis-a-vis Washington. Postponed visits to the US by Egyptian President Mubarak, Jordanian King Hussein, and North Yemeni President Salih have been the most tangible signals of Arab displeasure.

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Measured Iraqi reaction reflects similar concerns in Baghdad that attempts at punitive actions would be counterproductive. The Iraqis see little practical alternative to maintaining good relations with the US, particularly when Tehran is applying increased military pressure along the front. The affair has seriously eroded Iraqi faith in US credibility, however, and Baghdad is likely to remain wary of closer ties to the US for several years.

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Other Arab states probably have been reassured by the US response to Iran's acquisition of Silkworm antiship missiles. The US offer to provide military protection to Kuwaiti oil tankers and strong US public warnings about Iran's use of those missiles have been widely applauded by the Arab states on the Persian Gulf. Moreover, moderate Arab leaders probably believe that recent statements by senior US officials about the Iran affair and personnel changes within the US administration signal a change of direction in US Middle East policy more favorable to themselves.

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Positive comments by senior US officials about a possible international conference on the Arab-Israeli conflict also have eased Arab frustrations with Washington's policies. Mubarak and Hussein are particularly eager to gain a more active US role in the peace process, and they do not want the US-Iran affair to undermine moderate Arab objectives on key regional issues or to complicate their efforts to gain increased US military and economic assistance.

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**Reactions in Tehran, Moscow**

Publicity has reinforced Iran's view that it can dictate to the US and embarrass Washington. There has been little negative domestic political fallout in Tehran, as Consultative Assembly Speaker Rafsanjani has skillfully portrayed dealings with the US as Iranian manipulation of a superpower. Moreover, Ayatollah Khomeini's public endorsement of Iranian actions has silenced critics. [ ]

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The affair probably has had little impact on Tehran's war policy or on its ability to acquire materiel. Tehran probably is more determined to continue fighting until Saddam is ousted, however, believing US actions were spurred by a growing Western view that an Iranian victory is inevitable. The flow of arms to Iran may increase over time, as arms sellers see US actions as legitimizing their sales. [ ]

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Moscow has been unable to make significant gains in the region as a result of the US-Iran affair, despite its efforts to portray US policy as damaging to Arab interests. The Soviets' inability to gain a primary role in protecting Kuwaiti tankers in the Gulf reflects moderate Arab reluctance to give Moscow a major security role. The improvement in Soviet-Iraqi ties probably reflects Moscow's concern about Iraq's prospects in the war rather than any successful exploitation of the US arms sales to Iran. [ ]

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**Outlook**

Arab displeasure with the US arms sales to Iran is likely to decrease steadily over the next several months. The moderate Arabs, who acknowledge the importance of cultivating Western ties to Tehran, probably believe the sales resulted from an aberration in US policy on the Iran-Iraq war and concerning the hostages in Lebanon [ ]

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The issue nonetheless probably has reinforced the view of many Arabs that US policy in the region is designed to further Israeli objectives. Increasing skepticism of the US probably has hastened the efforts of some Arab moderates to seek alternative sources of security assistance. [ ]

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**Special Analysis****IRAN-IRAQ:****Southern Front Quiet**

*The Iran-Iraq ground war probably will continue at a low level of intensity as both sides prepare for Tehran's next large offensive. Iranian forces are firmly entrenched east of Al Basrah, and Iraq is unlikely to try to regain ground there. Iraqi airstrikes on Khark Island and offshore oil platforms last week suggest, however, that Baghdad may renew efforts to force a change in Tehran's war policy by bombing Iranian economic targets.*

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With both sides recovering from more than two months of intense fighting, the relative calm may continue into summer. Large reserves of men and materiel, however, remain on the southern front. Iranian forces continue to threaten Al Basrah and may mount a large attack within the next few weeks, although they are more likely to conduct periodic probes.

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Iraq will continue its cautious, defensive strategy—fending off Iranian probes and keeping the bulk of its forces in reserve. Its Air Force has had a badly needed respite from the hundreds of missions it flew almost daily between the first of the year and mid-February.

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Baghdad is not likely to decide to renew airstrikes against civilian targets unless Iran launches another major ground attack, but it probably will gradually increase air attacks on Iranian economic targets. The expectation of another ground offensive and concern about improvements in Iranian air defenses around vital economic facilities have probably reinforced Iraq's longstanding policy of conserving its airpower. A consistent, effective air campaign against economic targets nonetheless remains Iraq's best hope for applying pressure on Tehran.

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Meanwhile, Iran has recovered from the airstrikes last fall that badly damaged key oil and industrial facilities. Oil exports and electric power have been restored to near-normal levels.

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**Special Analysis****USSR:****Gorbachev, Legal Reforms, and the KGB**

*As part of his push for "democratization," General Secretary Gorbachev is taking steps to make the administration of justice in the USSR more equitable and the use of police power there less arbitrary. These measures may help to raise the integrity of the law enforcement system in the eyes of the population, but they are not being well received by some elements of the KGB. Perhaps for this reason, Gorbachev is attempting to keep a closer watch over the security apparatus.*

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In his speech at the plenum of the party's Central Committee in late January, Gorbachev urged revisions in the law code to strengthen "socialist legality." He emphasized the need to guarantee redress for citizens whose rights are abused by public officials. A Central Committee decree in November announced measures to ensure that police pretrial investigations and court proceedings are not biased. Soviet officials are discussing the possible repeal of Articles 70 and 190 of the criminal code, which have been used to convict dissidents of "anti-Soviet agitation" and "anti-Soviet slander." Labor camp officials have been more attentive to the complaints by political prisoners of mistreatment.

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**Gorbachev's Actions, Motives**

Gorbachev has sanctioned exposure in the media of abuses by the police, the courts, and the KGB. At the plenum he described the Interior Ministry as one of the most corrupt Soviet institutions. Since then, a decree by that ministry has called for an expanded purge of corrupt officials.

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The head of the Interior Ministry, Aleksandr Vlasov, has announced the arrest of several police officers for various abuses. The press has also reported cases of police brutality and revealed instances when local party officials have carried out vendettas against their personal enemies by arranging to get them convicted of crimes that they did not commit.

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Even the KGB has failed to escape this drive. In January, KGB Chairman Chebrikov publicly chastised a Ukrainian KGB official for arranging the arrest of a journalist who was investigating official malfeasance, and he pledged that the KGB would operate within the law. A senior KGB official has subsequently been censured for failing to enforce anticorruption decrees.

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Also in January, Anatoliy Lukyanov, a Gorbachev protege and a lawyer who has advocated legal reforms, was elevated to the party's

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Secretariat. The pattern of his public appearances indicates that he is responsible for the security apparatus. [redacted]

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Setting norms for "socialist legality" is an important part of Gorbachev's efforts to build public confidence in the party and to enhance his own reformist image. Many Soviet citizens have long regarded law enforcement agencies largely as instruments of coercion. More than 15 percent of all citizen complaints to the party were about the police or the courts. [redacted]

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Gorbachev may see a need for closer political supervision of the KGB. Unlike former Soviet leaders Brezhnev and Andropov, he does not have a network of his own clients at the top levels of the KGB. The appointment of Lukyanov probably reflects both Gorbachev's commitment to "democratization" and his desire to have a loyal associate overseeing the KGB. Two Soviet officials told US diplomats independently that the appointment of Lukyanov tightens Gorbachev's control of the party. [redacted]

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### The Risks Involved

Gorbachev's legal reforms and his relaxation of censorship are evidently antagonizing some KGB officials. KGB officers were probably unhappy over the humiliation of their Ukrainian colleague, which signaled a shift from the policy of shielding the KGB. [redacted]

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KGB officers in Georgia, Latvia, and Leningrad have sought to block the release of controversial films. ~~According to US Embassy sources,~~ The dispersal of a Jewish demonstration in Moscow last month by plainclothes policemen may have been a KGB provocation not authorized by Gorbachev but designed to embarrass him. [redacted]

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Some evidence suggests that KGB chief Chebrikov, reportedly a key ally of Gorbachev, has become less supportive of Gorbachev's policies. Chebrikov's speeches show little enthusiasm for openness in the media. ~~US Embassy sources reported last fall that Chebrikov feared that economic reform might endanger internal security.~~ [redacted]

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[redacted] senior KGB officials continue to support Gorbachev, if not all of his policies. [redacted]

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Gorbachev realizes the political importance of maintaining the loyalty of Chebrikov and the KGB. While Chebrikov on his own poses no threat to the General Secretary given the collegial environment in the Politburo, Gorbachev needs the KGB's cooperation in monitoring the Soviet elite. He is undoubtedly weighing carefully measures that might threaten the KGB's equities at the same time that he is using Lukyanov to provide oversight of the KGB's operations. [redacted]

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